

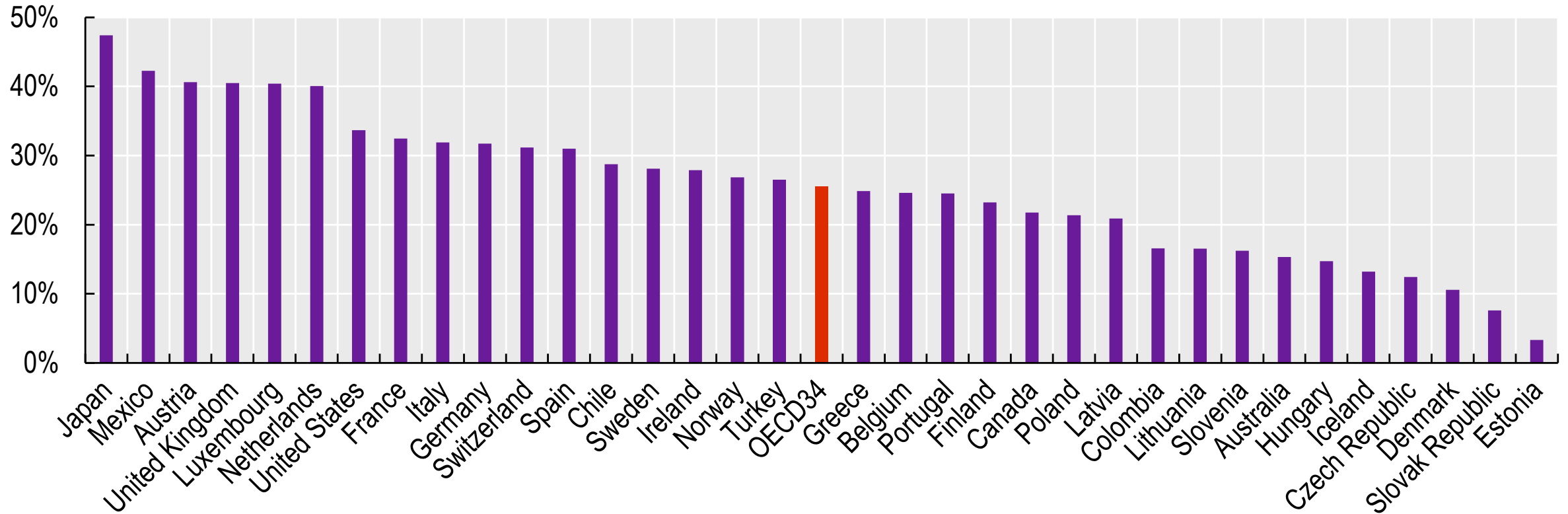


GENDER GAP IN RETIREMENT SAVINGS AND POLICY OPTIONS TO TACKLE IT

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There is a gender pension gap in all OECD countries



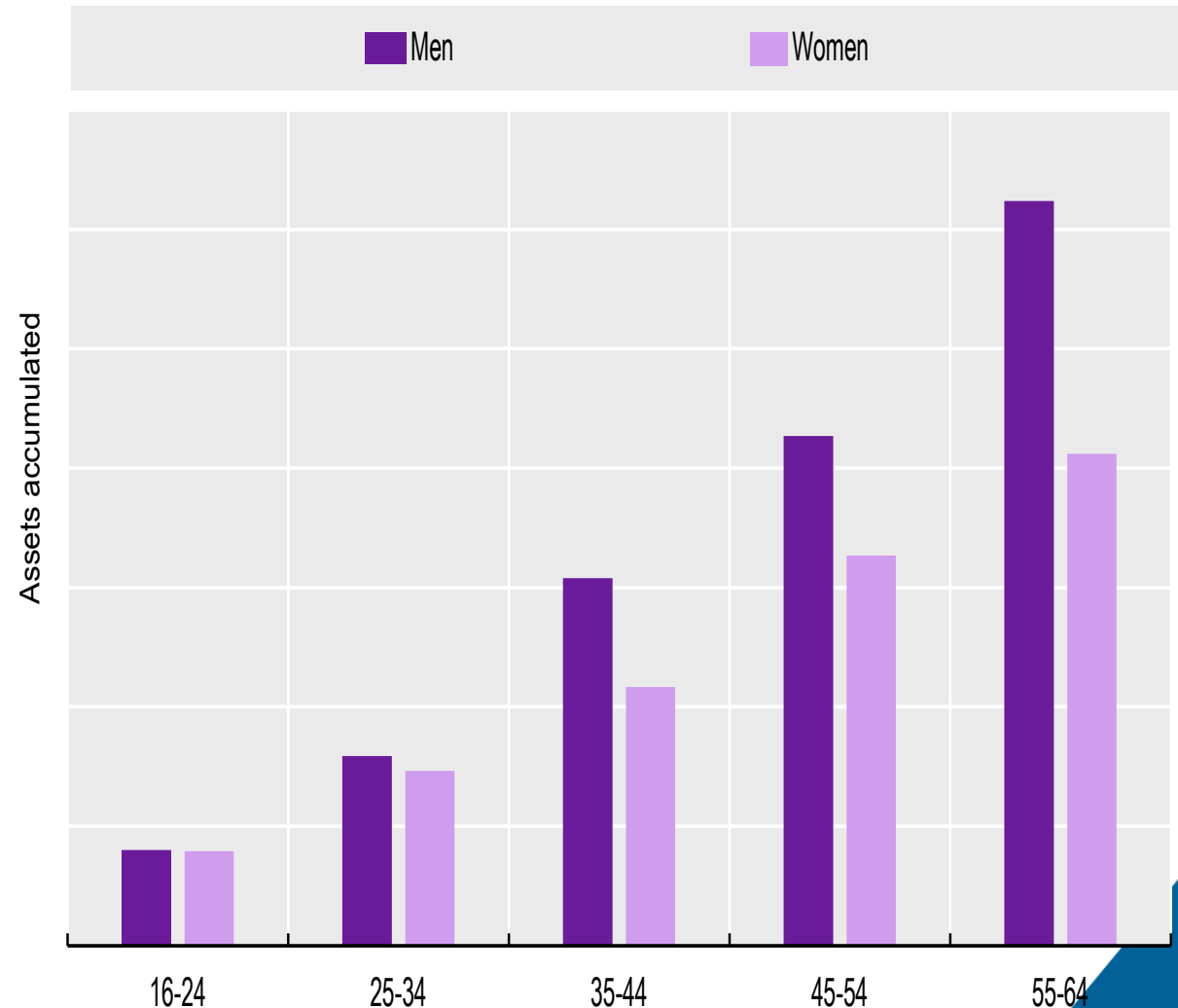
Source: OECD *Towards Improved Retirement Savings Outcomes for Women* (published in 2021)

- On average, women aged 65+ receive 26% less retirement income (public + private) than men in the OECD



Retirement savings arrangements contribute to this gender pension gap to some extent

- Part of the gender pension gap originates from retirement savings arrangements because:
 - Women participate less in voluntary plans
 - Women contribute less to their plans
 - Women's assets start falling behind those of men in their 30s and the gap widens afterwards
 - Accumulated savings need to finance a longer retirement period
- The role of retirement savings arrangements is expected to grow



Source: OECD *Towards Improved Retirement Savings Outcomes for Women* (published in 2021)



One of the main drivers: labour market differences between men and women

- The gender pension gap is partly due to:
 - Lower participation of women in the labour market
 - Shorter careers due to breaks for parenting and caregiver role
 - Larger proportion in part-time work
 - Lower wages
- Directly affect women's ability to save for retirement and their benefit entitlements



Beyond labour market factors: behavioural, cultural and societal drivers

- A number of other factors may affect individual decisions related to retirement savings and retirement outcomes:
 - Risk aversion
 - Financial literacy
 - Attitudes towards saving
 - Marital status
 - Gender stereotyping and gendered expectations
 - Communication
- ➔ Women may save less and invest more conservatively



Some rules and parameters of retirement savings arrangements are not gender-neutral

- The way retirement savings arrangements are designed sometimes disadvantages women:
 - Industries predominantly employing women are less likely to offer occupational plans in some countries
 - Women are more likely to fail to meet eligibility criteria that are based on working hours or earnings to gain access to a plan
 - Contributions or pension right accruals stop during periods of maternity and parental leave in a number of countries
 - The use of conservative strategies as a default investment option may reinforce the natural bias of women against risk
 - Pension rights and assets are not always split automatically between former spouses upon divorce
 - Retirement benefits that are not indexed expose more women (who live longer) to the risk of losing purchasing power
 - Pay-out options with survivor benefits are not available



Policy makers can take actions to reduce the gender gap from retirement savings arrangements

1. Promote women's access
 - Increase the availability of arrangements in industries predominantly employing women
 - Relax eligibility requirements to join a plan
2. Encourage women's participation
 - Compulsory or automatic enrolment
 - Financial incentives to join a plan
 - Financial education initiatives tailored specifically to women
3. Improve the level and frequency of women's contributions
 - Contributions from employers or spouses
 - Financial incentives to contribute
 - Subsidies for maternity and caregiving
 - Contribution limits that can be carried forward
 - Targeted communication to educate on the importance of regular contributions



Policy makers can take actions to reduce the gender gap from retirement savings arrangements

4. Adapt the design to the career patterns of women
 - Allow more flexibility with respect to contributions
 - Improve the portability of plans
 - Adapt the fee structures to small account balances
5. Improve investment returns on women's retirement savings
 - Implement non-conservative default investment options
 - Offer objective assessments of risk tolerance to inform women's investment decisions
6. Increase women's own retirement benefit entitlements
 - Allow spouses to share their pension rights with each other
 - Facilitate the split of retirement benefit entitlements upon divorce
 - Increase women's awareness of any option to share their former spouse's benefits



Reducing the Gender Gap in Retirement Savings Arrangements

7. Increase the level of retirement income that women receive
 - Equalise retirement ages between genders
 - Calculate lifetime retirement income based on unisex mortality tables where feasible
 - Provide a subsidy directly to women
 - Promote pay-out options with survivor benefits
 - Encourage the availability of pay-out solutions that increase payments over time



THANK YOU FOR YOUR ATTENTION

For more information

<http://www.oecd.org/pensions/towards-improved-retirement-savings-outcomes-for-women-f7b48808-en.htm>

